

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-10 NSAE-00
PA-01 ICA-11 SP-02 INT-05 CPR-02 PM-05 NSC-05
SS-15 OES-07 EB-08 TRSE-00 /084 W
-----018040 220906Z /12
R 220600Z JUN 78
FM AMEMBASSY PORT MORESBY
TO SECSTATE WASHDC 3388
INFO CG FMFPAC

C O N F I D E N T I A L SECTION 1 OF 2 PORT MORESBY 0935

E.O. 11652: GDS
TAGS: PDEV, PINT, EGEN, BP
SUBJECT: SOLOMON ISLANDS INDEPENDENCE BACKGROUNDER

REFS: A) PORT MORESBY 0902 B) PORT MORESBY 0647

1. SUMMARY: USDEL TO SOLOMON ISLANDS INDEPENDENCE
CELEBRATIONS WILL RECEIVE DETAILED BACKGROUND NOTES ON NEW
NATION, BIO DATA ON LEADERS, ETC., ON ARRIVAL. FOLLOWING
PROVIDES ADDITIONAL INFO WHICH USDEL PRINCIPALS SHOULD HAVE
BUT WHICH WE DID NOT WANT TO PUT IN UNCLASSIFIED HANDOUTS.
END SUMMARY.

2. CHIEF MINISTER PETER KENILOREA HAS GROWN INTO HIS JOB
AND HAS GAINED IN STATURE. HOWEVER, HE FACES A POTENTIALLY
SERIOUS POLITICAL PROBLEM CONCERNING THE RELATIONSHIP BETWEEN
GSI AND WESTERN DISTRICT REPRESENTATIVES WHO HAVE BEEN SEEKING
GREATER AUTONOMY EITHER THROUGH DECENTRALIZATION OR STATE
GOVERNMENT. DIFFERENCES CAME TO A HEAD WEEK OF JUNE 11
FOLLOWING PUBLICATION OF A SCATHING ATTACK ON WESTERN
PEOPLE PUBLISHED IN GOVERNMENT PRESS IN FORM OF
POEM APPARENTLY WRITTEN BY KENILOREA'S PRIVATE
SECRETARY (SEE REFTEL A FOR DETAILS). EMBOFF RETURNED
FROM HONIARA JUNE 15 AT WHICH TIME WESTERN CABINET
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MEMBERS WERE CALLING FOR KENILOREA'S RESIGNATION AND
POSTPONEMENT OF INDEPENDENCE. WE DO NOT HAVE OUTCOME BUT,
AS INDICATED REFTEL, BELIEVE WORST CASE WOULD BE BOYCOTT
OF CERMONIES BY WESTERN REPRESENTATIVES. USDEL SHOULD
BE AWARE OF PROBLEM BUT SHOULD NOT RAISE SUBJECT.

3. RESENTMENT OVER GOVERNMENT'S HANDLING OF POEM COULD BE

STRONG ENOUGH TO JEOPARDIZE KENILOREA'S CONTINUATION AS PRIME MINISTER WHEN PARLIAMENT MEETS IN AUGUST. AT BEST, HIS SITUATION IN LEGISLATURE A STRANGE ONE. KENILOREA AND HIS TEN MINISTERS CONSTITUTE THE GOVERNMENT. BALANCE OF POWER RESTS WITH INDEPENDENT BLOC OF 20, LED BY WILLIE BETU, A MODERATE WHO HAD BEEN A MINISTER BUT WHO RESIGNED PORTFOLIO FOR HEALTH REASONS. INDEPENDENT BLOC GENERALLY SUPPORTS GOVERNMENT. OTHER SEVEN MEMBERS OF 38 MAN UNICAMERAL CHAMBER ARE IN OPPOSITION. SHOULD KENILOREA FALL, THE MOST LIKELY SUCCESSOR WOULD BE DEPUTY CHIEF MINISTER AND MINISTER FOR FINANCE, BENEDICT KINIKA, AND AUSTRALIAN-EDUCATED TEACHER FIRST ELECTED TO THE ASSEMBLY IN 1973. BETU, AT 40 ONE OF THE SOLOMONS' POLITICAL VETERANS, MIGHT BE CALLED UPON. HOWEVER, EVEN THOUGH HIS HEALTH HAS IMPROVED, HE STILL CLAIMS TO BE MORE CONCERNED ABOUT MAINTAINING HIS HEALTH THAN ASSUMING A MINISTRY. OPPOSITION LEADER BARTHOLOMEW ULUFA'ALU, SOLOMON ISLANDS POLITIC'S ANGRY YOUNG MAN, HAS NO CHANCE OF ASSUMING CONTROL OF THE GOVERNMENT IN THE NEAR FUTURE. LATE LAST YEAR HE WAS UNDER FIRE FOR ALLEGED MISUSE OF FUNDS OF THE SOLOMON ISLANDS GENERAL WORKERS UNION OF WHICH HE WAS PRESIDENT AND GENERAL SECRETARY. ALTHOUGH ABSOLVED, HE WAS RECENTLY CONVICTED OF DISORDERLY CONDUCT AND GIVEN A TWO MONTHS JAIL SENTENCE, NOW SUSPENDED AWAITING RESULTS OF AN APPEAL. CONFIDENTIAL

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HIS STAR WILL PROBABLY RISE AGAIN, BUT VERY SLOWLY.

4. WITH SETTLEMENT OF PROBLEM OF LAND FOR GILBERTESE RESIDENTS IN SOLOMON ISLANDS (REFTEL B), WE DO NOT FORESEE ANY OTHER SIGNIFICANT POLITICAL ISSUES WITH WHICH NEW GSI WILL HAVE TO COPE INITIALLY.

5. FOLLOWING TALKS BEGINNING WITH EMBOFF IN FEBRUARY, FOLLOWED UP BY MORRIS BUSBY AND CULMINATED BY AMBASSADOR AND BILL BODDE, GSI SWITCHED POSITION RE USG PARTICIPATION IN SOUTH PACIFIC REGIONAL FISHERIES AGENCY (SPRFA) AT MAY MEETING IN SUVA. GSI REP AT SUVA MEETING TOLD EMBOFF THAT DECISION TO SUPPORT US WAS KENILOREA'S AND WAS TAKEN DESPITE CONTINUING RESERVATIONS ON PART OF STAFF AND TECHNICIANS. SHOULD SUBJECT FISHERIES ARISE, USDEL MAY WISH TO EXPRESS GRATITUDE TO CHIEF MINISTER FOR HIS SUPPORT FOR U.S. MEMBERSHIP IN SPRFA, STATE THAT WE ARE PLEASED THAT HONIARA WAS CHOSEN TO BE THE SEAT OF THE AGENCY AND TELL HIM OF U.S. FINANCIAL SUPPORT FOR THE AGENCY IF ANYTHING POSITIVE HAS BEEN DECIDED UPON.

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C O N F I D E N T I A L SECTION 2 OF 2 PORT MORESBY 0935

6. ECONOMIC FUTURE OF SOLOMONS IS PROMISING EVEN THOUGH PER CAPITA GDP ONLY \$325. UK WILL PROVIDE A\$43 MILLION IN GRANTS OVER NEXT FOUR YEARS IN ADDITION TO A\$7 MILLION PER YEAR IN SOFT LOANS. AUSTRALIA WILL EXTEND A\$6 MILLION IN THREE YEAR PACKAGE WHILE JAPAN IS GRANTING A\$2 MILLION IN 78, UPPING IT TO A\$5 MILLION PER YEAR OVER NEXT FOUR YEARS. NEW ZEALAND AND MULTILATERAL INSTITUTIONS WILL ALSO COME IN WITH ADDITIONAL FUNDING.

7. ECONOMY, APART FROM GRANTS AND LOANS, BELIEVED TO BE IMPROVING. ALTHOUGH SI RAN BALANCE OF PAYMENTS DEFICITS ALL BUT ONE YEAR DURING 1970-76, DATA JUST PUBLISHED INDICATE A\$3.4 MILLION BALANCE OF PAYMENTS SURPLUS FOR FIRST NINE MONTHS OF 1977. A DECADE AGO, COPRA ACCOUNTED FOR 90 PERCENT OF SI EXPORT REVENUES. EFFORTS TO MOVE TOWARDS BROADER BASED, EXPORT-ORIENTED ECONOMY SHOWING RESULTS AS EXPORTS FOR FIRST NINE MONTHS OF 1977 INCLUDED A\$6.3 MILLION IN COPRA, A\$4.2 MILLION IN FISH AND A\$6.4 MILLION IN TIMBER. EXPERTS BELIEVE COPRA AND FISH WILL BRING IN A\$20 MILLION ANNUALLY WITHIN NEXT FEW YEARS AND TIMBER UP TO A\$15 MILLION. WHILE GOVERNMENT DEVELOPMENT STRATEGY CALLS FOR LARGE SCALE JOINT VENTURES WITH FOREIGN INVESTORS TO PROVIDE EMPLOYMENT AND INTERNAL REVENUE, POLICY NOT FREE FROM
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CRITICISM. GSI HAS BEEN ACCUSED OF NEGLECTING RURAL,
VILLAGE-BASED DEVELOPMENT. SOME MODIFICATION IN
DEVELOPMENT STRATEGY MAY BE FORTHCOMING BUT RADICAL
CHANGE IS NOT EXPECTED BECAUSE BOTH GOVERNMENT AND
INDEPENDENTS SUPPORT PRESENT EMPHASIS ON LARGE
SCALE JOINT VENTURES.
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